GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3974
ANSWERED ON:09.08.2002
RECOMMENDATIONS OF ELEVENTH FINANCE COMMISSION REPORT
KUMUDINI PATNAIK

Will the Minister of FINANCE be pleased to state:

(a) whether the recommendations made in the Eleventh Finance Commission Award in respect of revenue deficit States and mineral bearing States have not yet been implemented by the Union Government;

(b) if so, the reasons therefor;

(c) the time by which sanction of grant in aid in lieu of coal royalty enhancement, is going to be granted to the coal bearing States;

(d) whether the miscellaneous grant calculated to have been devolved on Orissa States as per the Eleventh Finance Commission Report;

(e) if so, the details in this regard; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT G. GEETE)

(a) to (c): The revenue deficit grants are being provided to the States as recommended by the Eleventh Finance Commission (EFC) for 2000-05.

The periodicity of revision of royalty on minerals is governed by Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957. According to this Act, the Central Government may revise the rate of royalty in respect of any mineral with effect from such date as may be specified provided that such revision shall not be made more than once during any period of three years.

There is no proposal under consideration of Government for entrusting the task of making recommendations for revision of royalty rates on minerals to an independent body, as recommended by the Eleventh Finance Commission. However, independent Study Groups comprising the representatives of States, Central Ministries/Departments concerned, the industry and technical organisations are constituted from time to time to make recommendations on the rates of royalty on minerals. The existing system is fair and transparent and meets the objectives of the recommendations made by the EFC.

Royalty on Crude Oil & Natural Gas is governed by the provisions of Oil Fields (Regulation & Development) Act, 1948 and the Petroleum & Natural Gas Rules, 1959 framed thereunder, as amended from time to time. With effect from 1.12.1999, rate of royalty on crude oil has been increased provisionally to Rs. 850/MT or 20% of well head value of crude oil, whichever is less.

(d) to (f): Other non-plan grants, i.e., Upgradation and Special problem grants,Local Bodies grants, grants under Incentive Fund and Centre`s share of Calamity Relief Fund recommended by EFC for Orissa for the period 2000-05 are being releasedaccording to the guidelines for utilization of these grants issued by Ministry of Finance.